



STATE HEALTH BENEFIT PLAN TRICARE SUPPLEMENT TERMINATION INFORMATION

Due to new federal requirements, effective January 1, 2008, the TRICARE Supplement Option will no longer be offered.

In fall 2006, Congress approved the John Warner National Defense Authorization Act for Fiscal Year 2007 (the "Act"). Section 707 of the Act makes it illegal for employers to offer incentives to TRICARE eligible members to choose TRICARE over another employer-sponsored health plan, thereby causing TRICARE to be the primary payer for members' medical claims. Based on this new federal law, SHBP may no longer offer the TRICARE Supplement.

Employees will need to do one of the following:

- Elect another option during this year's Open Enrollment Period/Retiree Option Change Period, October 10 – November 9, 2007
- Discontinue all SHBP coverage during the Open Enrollment/Retiree Option Change Period and privately purchase a TRICARE supplement policy available through various military associations. Retired employees will not be allowed to reenroll for SHBP coverage in the future, so this choice may not be the best choice for all retirees

If employees do not make one of the above choices, they will automatically be enrolled in the UnitedHealthcare PPO option effective January 1, 2008 and will be assessed the spousal surcharge (if the spouse is covered) and tobacco surcharge. These surcharges are waived for retirees.

Any concerns regarding the elimination of the TRICARE Supplement should be addressed with the U.S. Department of Veteran Affairs.